



TELEFAX

TO: MARTIN NAVA - CUB
FROM: JEFF NOLAND
DATE: JULY 31, 2000
SUBJECT: SANTANA ENERGY SERVICES
PAGE 1 OF 4

MARTIN,

FOLLOWING IS THE CONTRACT WHICH I SIGNED WITH SANTANA ENERGY SERVICES. IN A NUTSHELL, SANTANA IS SUPPOSED TO PROVIDE ME WITH GAS AT .295/THERM FOR 3 YEARS. FROM WHAT I CAN READ, THE ONLY WAY THEY CAN CANCEL THE AGREEMENT IS IF HTP FAILS TO PAY THE SANTANA INVOICE.

SANTANA INDICATES "THEY HAVE DETERMINED A CONDITION OF FORCE MAJEURE EXISTS, AND THEY CAN NO LONGER SUPPLY GAS AT THE CURRENT RATE." IN OTHERWORDS, THEY ARE CLAIMING THEY CAN GET OUT OF THEIR CONTRACT BASED ON THIS "FORCE MAJEURE".

I DON'T KNOW IF THIS IS A LEGAL MOVE, AND WOULD BE INTERESTED IN YOUR COMMENTS.

SINCERELY,


JEFF NOLAND

Cell 312-263-4282

Fax 312-263-4329

Attachment B



June 26, 2000

HTP America, Inc
Jeff Noland, President
3200 Nordic Road
Arlington Heights, IL 60005

Dear Jeff Noland:

As the year 2000 begins a new century, it appears to have brought with it a new pricing climate with higher natural gas prices than the industry has experienced in many years.

The published daily Chicago gas prices have moved from a low of \$.2860 per therm in early April 2000 to a high of \$.4850 per therm in June of 2000. (See the enclosed excerpt from one of the industry publications).

Due to the recent unanticipated increase in the price of natural gas, Santanna Energy Services (SES) has determined that a condition of Force Majeure exists, and it is no longer able to supply gas at the current contract rate. In order to address the situation, the rate for May 2000 gas deliveries has been adjusted to one that is more consistent with the current market rates, and is based on the published Natural Gas Intelligence index, Chicago City Gate, (Bid Week) for the pertinent month, plus \$.034 per therm. Future invoices and gas deliveries will also be at this adjusted rate. SES is confident that this adjusted rate will be competitive with, if not lower, than rates provided by Nicor Gas. Natural Gas Intelligence is a respected independent natural gas publication.

Included for your review is a table of the Nicor Gas "Gas Charge" from January 1997 forward, along with the Natural Gas Intelligence index for Chicago for that same period. Numbers in this table may under-state the Nicor Gas effective Gas Charge if you are subject to a municipal tax and even more so if you are subject to State sales tax, as most accounts are. The municipal tax rates range from "0" to 5.15% and the State sales tax is 5.0%. Collectively these taxes can add as much as 10.15% to the actual cost of the Nicor Gas "Gas Charge" shown in the table. These taxes do not apply to gas you purchase from SES or another marketing company. In addition, recall that the storage characteristics of the Rider 15 Customer Select program are based on purchasing gas and filling storage during the Nicor Gas off peak period (April through October) and using gas out of that storage during the peak period (November through March).

If you do not wish to continue in the Nicor Gas Select Program, you may of course return to Nicor Gas sales service. In reaching that decision, SES encourages you to review not only the data furnished, but also any other factors pertinent to your account.

Should you, for any reason, wish to return to Nicor Gas, please contact our Customer Service staff at 630-789-6022 and they will make sure that you have the proper procedure.

On another energy-related note, it is of course good news that there is an opportunity out there to reduce your electric cost. SES has contracted with hundreds of businesses that will experience a reduction in their cost of power through the deregulation options. SES encourages you to look at your options and most importantly, make a choice. If you pass up a \$\$\$ savings this year, you will have to double that savings next year to break even. Fill out the enclosed form and fax or mail it to our Hinsdale office for a no cost, no obligation analysis of your savings potential on electricity.

On other utility fronts, SES plans to offer programs soon that can lower your cost of phone service, both long distance and local.

SES is a privately owned marketing company that has served the Illinois market for nearly 14 years. SES represents one of few options in the Illinois market place other than marketing companies owned by utility companies or the utility companies themselves. When the market conditions are unfavorable to our clients, they are unfavorable to SES. SES is being forced by these unusual market conditions to take steps to assure that we can be an option to the Illinois market for another 14 years. We regret any discomfort and hardship that the current market conditions are imposing. SES has faith in the continued economic benefit of our products and services and we thank you for your patience.

Sincerely,

SANTANNA ENERGY SERVICES



T.W. Gallin,
President

TWG/srd

Enclosures

Yes! I would like Santanna Energy Services to help my company control natural gas prices
Fax back this enrollment form to 1-800-877-0673, Attn: Paul Kalas

I have read the terms and conditions of the Natural Gas Agreement (below) and I agree to their limits, requirements, and exclusions.

Company (Buyer): HTP America, Inc.
 Authorized Signature: [Signature]
 Name (Print): Jeff Noland
 Phone: (847) 357 - 0700 Fax: (847) 357 - 0744
 Service Address: 3200 Nordic Road
Arlington Heights, IL 60005-4729
 Billing Address: Same as service address
 Billing Contact (Print): Dick Hansen

List accounts:
 Account Number: 1-34-75-4289 4
 Meter Number: 3334774
 Account Number: _____
 Meter Number: _____
 Account Number: _____
 Meter Number: _____
 Date: March 7, 2000

Natural Gas Agreement

Price: Buyer agrees to utilize Santanna Energy Services (Seller) as its exclusive natural gas supplier and Seller is to provide Buyers gas requirements at a flat rate price of \$.295 per therm for every therm delivered to Nicor Gas Citygate throughout the term of this Agreement. Buyer will purchase its full gas requirements from Seller, execute the necessary documents, and meet the credit requirements of Seller. All utility company related charges are the responsibility of the Buyer.

Term: The term of this Agreement is for three years starting with Buyer's first Nicor Gas billing cycle in May 2000. Near the end of the initial term, Seller will send Buyer notification of its new rates and give Buyer the option to extend this Agreement. If at any time Buyer is not completely satisfied with the decision to participate in this program, and Buyer elects to return to the utility, then Seller shall agree to terminate this Agreement. Buyer shall give Seller a minimum of 30 days notice prior to the termination date (termination date must be the last day of a calendar month). Buyer need only pay for the gas delivered prior to the termination date.

Payments: Bills not paid by the due date on the Sellers invoice shall bear interest at a rate of 1.5% per month. Seller reserves the right to terminate this Agreement for non-payment without prior written notice. Any cost, to include legal fees, associated with collecting outstanding amounts owed Seller under this Agreement, shall be paid by Buyer. Title to Natural Gas sold hereunder will transfer at a location outside of the State of Illinois. Currently, there are no state or local taxes assessed on services or goods provided under this Agreement. In the event this tax law changes, Seller would collect from Buyer such taxes and remit them to the appropriate taxing authority. Buyer is responsible for, and shall reimburse, Seller for any taxes paid by Seller on Buyers behalf related to Gas Sales and transportation under this Agreement.

Credit: Buyer represents that they are financially able to continue business, are unaware of any situation that would alter Buyer's financial abilities, and have not previously filed, plan to file, or are currently involved in any bankruptcy proceedings. This Agreement is subject to credit review by Seller at any time upon proof of poor payment history. Seller, at its sole discretion, may cancel this agreement, without notice, if seller interprets credit as a concern.

Electric: At such time that circumstances permit Buyer to choose its electricity provider, Buyer agrees to negotiate with Seller regarding same.

Agency Agreement: Buyer authorizes Seller to act as exclusive agent for all matters related to services under Buyer's utility transportation program, including the purchase and delivery of gas to facilities described below. This authorization includes, but is not limited to the right to obtain billing and payment histories, receive future statements regarding Buyer invoices from the utility, and to execute, amend, or cancel agreements between the utility and Buyer.

Miscellaneous: The provisions of this Agreement extend to the successors and assigns of either party. This Agreement will be construed and enforced according to Illinois law, without regard to principles of conflicts of law. The parties agree any litigation will be conducted in a court located in Illinois. This is the entire agreement between the parties. There are no promises, agreements, warranties, obligations, assurances, or conditions precedent or otherwise affecting it. A waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall not operate as a waiver of any future default or defaults, whether of a like or different character. The parties agree there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone whom is not a party.

Customer Service: If Buyer has any questions they may contact Seller by mail at: Santanna Energy Services, 120 E. Ogden Ave, Suite 236, Hinsdale, IL 60521; or by telephone at 1-877-SES-4GAS. Fax: 1-800-877-0673.

**Santanna
SES
Energy Services**